

**Opening Statement of
the Honorable Larry Craig,
Senator from Idaho and Chairman,
U.S. Senate Special Committee on Aging**

**Hearing on “*America’s Pensions: The Next
Savings and Loan Crisis?*”**

October 14, 2003

I would like to thank our witnesses for joining us today in our quest to strengthen the pension security of America’s workers.

Today’s hearing title asks the key question of whether the defined benefit pension system is on a path we have seen before with government-backed insurance—the taxpayer bailout of the savings and loan industry.

In the 1980s, the federal government stepped in to bail out the savings and loan industry at the cost of about 120 billion dollars. Of course, the details of pensions and the S&L situation differ in many ways.

But the result could eventually be the same if we do not engage in thoughtful consideration of the issues at hand. Clearly, we don’t want a repeat of the S&L performance.

Pension policy requires the Congress to balance three competing policy goals.

- 1) protect taxpayers from having to bail out the Pension Benefit Guarantee Corporation (PBGC);
- 2) provide sufficient incentives for industry to continue offering defined benefit pensions for their workers; and,
- 3) ensure workers get the pensions they are promised by their employers.

This hearing is convened in the spirit of building the record on the future of pension security—an issue that is so important to those about to retire and for younger generations.

With that, I am very pleased to welcome these distinguished witnesses to the Senate Special Committee on Aging.

Our first witness on panel one is Barbara Bovbjerg who is the Director of Education and Income Security at the General Accounting Office.

Steven Kandarian, Executive Director of the Pension Benefit Guarantee Corporation; and,

Dr. Peter Warshawsky, Acting Assistant Secretary for Economics at the Department of the Treasury is also before us on panel one.

On panel two, we will hear from:

- Scott Macey, Senior Vice President at Aon Consulting—who is testifying on behalf of industry;
- David John, Research Fellow at the Heritage Foundation; and,
- Melvin Schmeiser, a retired steelworker from Baltimore, Maryland whose pension was recently placed into receivership by the Pension Benefit Guarantee Corporation.

I look forward to hearing all of your testimonies.